

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5512-06  
Bill No.: Perfected SS No.3 for SCS for SJR 45  
Subject: Education, Elementary and Secondary; Education, Higher; Boards, Commissions, Committees, Councils  
Type: Original  
Date: April 26, 2010

---

Bill Summary: This proposal modifies the State Board of Education

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 or (More than \$7,000,000)	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (More than \$7,000,000)</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

---

## **FISCAL ANALYSIS**

---

### **ASSUMPTION**

Officials from the **Office of the Attorney General** assume that while costs of the proposal are unknown, any potential costs arising from the proposal could be absorbed with existing resources.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal appears to restructure the state board of education by reducing the number of members by two, by reducing the terms of its members, and by causing the restructured board to succeed the State Board of Education, the Coordinating Board for Higher Education, and the Department of Higher Education effective July 1, 2011.

Causing the restructured board to succeed the Coordinating Board for Higher Education and the Department of Higher Education will have an unknown fiscal impact. Restructuring the State Board of Education by reducing its members will render a savings of state funds. DESE states for five years, the average expenditure per board member was \$4,832. DESE assumes they would see decreased expenses of at least \$9,664 (2 fewer members x \$4,832) per year (increased 3% per year for inflation) for the reduction in board members.

Officials from the **Department of Higher Education (DHE)** state this resolution has the potential to fundamentally change the Coordinating Board of Higher Education and the Missouri Department of Higher Education (CBHE). Although these changes would certainly have an impact on every aspect of the DHE and the CBHE, the precise extent of the potential fiscal impact is unknown based on the language in the current draft.

**Oversight** assumes the proposal could potentially have a fiscal impact on the state. Oversight assumes the new six member State Board of Education would replace the existing eight member State Board of Education as well as the nine member Coordinating Board of Higher Education. Oversight assumes this could result in an unknown amount of savings if the resolution is passed by voters.

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, Joint Resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

ASSUMPTION (continued)

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article I, Section 26, 27, 28 of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2009, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2011. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2010 (FY 2011). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2011.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, **Oversight** requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2011 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November, 2010 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Elementary and Secondary Education and Coordinating Board of Higher Education - potential savings from combining/reducing board		\$0 or Unknown	\$0 or Unknown
<u>Expense</u> - reimbursement of local political subdivisions for special election costs	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or (More than \$7,000,000)</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This Senate Joint Resolution, if approved by voters, would modify the State Board of Education. Currently, the State Board only oversees the public schools in the state. This resolution would allow it to coordinate public higher education. In addition, the board must promote the development of a seamless and efficient system of education.

The number of members will be lowered from eight members to six members. Members will serve a term of six years instead of the current eight years. The terms of the initial appointees will be staggered, with two members serving for two years, two members for four years, and two members serving for six years. No more than three members may be of the same political party.

The new board will succeed the Coordinating Board for Higher Education and the Department of Higher Education.

Other powers and duties of the board may be prescribed by law.

This section will become effective July 1, 2011. (Section 2(a))

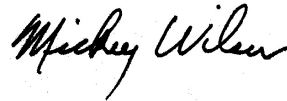
The Constitution currently provides that the State Board of Education appoint and select the Commissioner of Education. This resolution requires the advice and consent of the Senate for the appointment and selection of the Commissioner. (Section 2(b))

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 5512-06  
Bill No. Perfected SS No. 3 for SCS for SJR 45  
Page 7 of 7  
April 26, 2010

SOURCES OF INFORMATION

Office of the Secretary of State  
Department of Elementary and Secondary Education  
Department of Higher Education  
Office of the Attorney General

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 26, 2010